

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6552

BILL NUMBER: SB 360

NOTE PREPARED: Feb 14, 2011

BILL AMENDED: Feb 14, 2011

SUBJECT: Retained Asset Accounts.

FIRST AUTHOR: Sen. Simpson

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: ☒ **GENERAL**
☐ **DEDICATED**
☐ **FEDERAL**

IMPACT: State

Summary of Legislation: This bill specifies requirements for use of retained asset accounts for life insurance claim settlements.

Effective Date: July 1, 2011.

Explanation of State Expenditures: This bill adds failure to provide proper disclosure of retained asset accounts to the beneficiary to the definition of an unfair and deceptive act. To the extent insurance providers are found to have engaged in unfair and deceptive acts, this bill will increase workload of the Department of Insurance (DOI) to investigate allegations and provide adjudicative proceedings to determine if an unfair or deceptive act has been committed.

Explanation of State Revenues: If this bill increases the number of unfair and deceptive acts discovered by the Department of Insurance, revenue to the General Fund will increase from civil penalties paid by violators. The penalty for engaging in an unfair and deceptive act is one or more of the following: (1) a civil penalty between \$25,000 and \$50,000 for each act or violation and (2) revocation of a person's license, or certificate of authority if they knowingly engaged in an unfair or deceptive act. Actual increases in revenue are unknown.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance.

Local Agencies Affected:

Information Sources: Robyn Crosson, DOI.

Fiscal Analyst: Bill Brumbach, 232-9559.